

WORKFORCE OBSERVATIONS FOR MILWAUKEE COUNTY/WOW COUNTIES MARCH 2002



State of Wisconsin
Department of Workforce Development

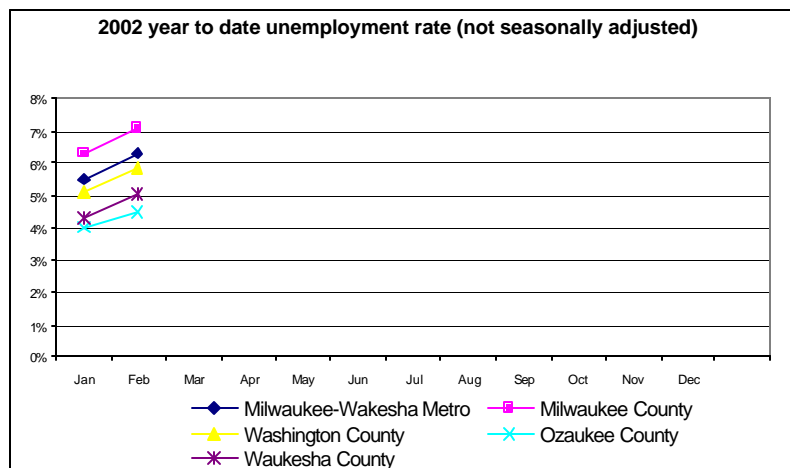
A Month of Highs and Lows

In a move contrary to recent news of economic recovery, the Milwaukee-Waukesha Metropolitan Statistical Area (MSA) economy continued to show signs of a prolonged slowdown with respect to employment trends. For the month of February, the metropolitan seasonally adjusted unemployment rate stood at 6.3%, which is 0.4% below the state rate, but is 0.8% higher than the unemployment rate for January of this year. This rate also marks an increase of nearly two percent (1.7%) as compared to February 2001. While the increase in unemployment in the area is certainly significant, and should be noted as an indication that recovery in the region, as a whole, has been slow to begin, there are signs of encouragement, particularly with regard to employment trends in manufacturing and service industries, both of which exhibited significant increases during the course of the month. Construction firms and retail establishments continued to reduce their workforce as a result of colder, more seasonal weather, and a continued decline in shopping activity following the holiday season. The majority of activity in government employment can be attributed to payroll reporting lags in school districts as noted last month.

The **Milwaukee County** not seasonally adjusted unemployment rate stood at 7.1 percent in January. The county reported unemployment was 0.8% higher than a month earlier, matching the metropolitan area increase, and is significantly higher than the same period from a year ago, when the February unemployment rate was 5.4%. While the 1.7% increase is, in part a measure of the cumulative impact of the current economic slowdown, this increase should not be interpreted as a permanent effect. Diversification in the composition of the county's industry distribution has tempered the effect of losses in industries that are more sensitive to economic shocks, such as manufacturing. This can be demonstrated when one compares Milwaukee County to other more manufacturing-dependent and rural counties that experienced significantly sharper increases in unemployment.

Of significance with respect to industry-specific employment, the retail and construction sectors continued to experience reductions in employment, attributed primarily to seasonal ef-

fects such as changes in weather and the further reduction of seasonal holiday employees. The significant growth in government employment represents a seasonal correction in school district employment following holiday breaks, to a large degree. Perhaps the most encouraging sign pointing to a period of recovery within the foreseeable future can be seen in the manufacturing sectors, where employment in the county posted an increase over the past month, while the state, as a whole experienced significant losses. While a large part of this increase describes the magnitude of holiday shutdowns in this sector, and the sector shows a decrease of 867 employees since December, 2001, an increase in manufacturing employment suggests a return towards full production schedules. And, as manufacturing employment precedes hiring in other sectors, to a large degree, this is further indication that the economy may be exhibiting signs of recovery. Anecdotally, the recent run of retirements in county employment caused by the Milwaukee County pension situation has had no impact on the county unemployment rate other than a slight reduction in the county's labor force as retired individuals are no longer considered members of the labor force and are therefore not technically unemployed.



Reflecting aggregate decline in metropolitan area employment, the not seasonally adjusted unemployment rates for the three WOW counties stood significantly higher in February, as compared to previous month's data. **Washington County's** rate of 5.8 percent is 0.8% higher than January. **Ozaukee County** reported a January unemployment rate of 4.5%, which is 0.5% higher than the same

period a month ago. The county continues to have one of the lowest unemployment rates in the state, despite this significant increase. As has been the case of the past several months, Dane County paced the state with a 3.1% not seasonally adjusted rate. In comparison, Ozaukee County ranked 71st, Waukesha County 70th, and Washington County 63rd.. **Waukesha County** experienced an unemployment rate of 5.0%, a 0.7% increase over January's seasonally adjusted rate of 4.3%. Each of these rates is higher than rates for the respective counties from this time a year ago. Each county experi-

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enced an annual increase of between 2.0 and 1.7% from this period in 2001. These rates are also significantly higher than rates experienced at any point during the last decade. However, it is important to note that the growth in unemployment between January and February in the region mirrors the normally-observed annual cycle.

From a regional perspective, the WOW region experienced a 5.1% not-seasonally-adjusted unemployment rate for the past month. This rate was driven, to a great degree by a significant increase in the numbers of labor force participants considered unemployed, particularly in Waukesha County.

The large majority of job losses in the region were concentrated in two areas — construction and mining and retail trade. Losses in these areas are primarily seasonal and are impacted

by changes in weather and the end of the holiday shopping season. Despite these significant losses, it is also important to note minor signs of recovery in the manufacturing sector, particularly in Waukesha County. This marks an important area of growth, particularly with the recognition that the region has experienced a loss of nearly 4,000 positions over the past year.

Finally, it is important to note that the last time the unemployment rate was this high on a national level was in April, 1991, when the nation was on the cusp of an unprecedented period of economic expansion. This points to a bright future. As news of an economic recovery has become more prevalent, job seekers who had been considered out of the workforce have re-entered, thus accounting for an increase of 6,500 in the ranks of the unemployed, despite decreases in unemployment claims. This coupled with increased hiring brings promise for growth in the future.

	Wisconsin	Milwaukee-Waukesha MSA	Milwaukee County/WDA	Washington County	Ozaukee County	Waukesha County	W-O-W WDA
February 2002							
Civilian Labor Force*	3,050,059	830,897	490,640	49,809	70,343	220,104	340,256
Persons Employed	2,846,100	778,828	455,918	47,577	66,235	209,098	322,910
Persons Unemployed	203,959	52,069	34,722	2,232	4,108	11,006	17,346
Unemployment Rate	6.7%	6.3%	7.1%	5.8%	4.5%	5.0%	5.1%
Total jobs of all non-farm industries**	2,758,659	846,459	545,694	46,056	38,350	216,359	300,765
Goods Producing Jobs	671,453	189,150	95,937	17,038	12,920	63,256	93,213
Service Producing Jobs	2,087,206	657,309	449,758	29,018	25,430	153,103	207,551
Construction & Mining	105,705	29,869	12,311	2,322	1,367	13,869	17,558
All Manufacturing	565,748	159,281	83,625	14,716	11,552	49,387	75,656
Transportation, Communications & Public Utilities	129,421	39,208	28,681	1,775	832	7,920	10,527
Wholesale Trade	135,269	46,720	24,043	2,307	1,535	18,834	22,677
Retail Trade	485,049	132,224	82,090	8,229	6,967	34,938	50,134
Finance, Insurance, and Real Estate	150,774	57,864	42,019	1,968	1,939	11,937	15,845
Services	765,207	285,024	205,188	9,070	10,070	60,696	79,836
All Government	421,486	96,269	67,736	5,668	4,087	18,777	28,533
Change from January 2002							
Civilian Labor Force*	18,200	3,420	2,320	280	60	750	1,100
Persons Employed	-9,140	-3,070	-1,800	-260	-190	-820	-1,270
Persons Unemployed	27,340	6,490	4,120	550	250	1,580	2,370
Unemployment Rate	0.9%	0.8%	0.8%	0.8%	0.5%	0.7%	0.7%
Total jobs of all non-farm industries**	-510	150	410	-10	-10	-250	-270
Goods Producing Jobs	-4,280	-370	-120	-20	-10	-210	-250
Service Producing Jobs	3,770	510	530	10	0	-40	-20
Construction & Mining	-2,360	-650	-270	-50	-30	-300	-380
All Manufacturing	-1,920	290	150	30	20	90	140
Transportation, Communications & Public Utilities	-2,080	30	20	0	0	10	10
Wholesale Trade	170	-120	-60	-10	0	-50	-60
Retail Trade	-5,630	-1,720	-1,070	-110	-90	-450	-650
Finance, Insurance, and Real Estate	340	-20	-10	0	0	0	-10
Services	4,110	430	310	10	20	90	120
All Government	6,860	1,910	1,350	110	80	370	570
Change from February 2001							
Civilian Labor Force*	93,370	19,590	11,400	1,850	1,170	5,170	8,190
Persons Employed	47,560	4,500	2,640	380	280	1,210	1,870
Persons Unemployed	45,810	15,080	8,760	1,470	890	3,960	6,320
Unemployment Rate	1.3%	1.7%	1.7%	2.0%	1.7%	1.7%	1.8%
Total jobs of all non-farm industries**	-19,250	-9,170	-4,470	-830	-610	-3,270	-4,710
Goods Producing Jobs	-33,000	-9,090	-4,680	-830	-640	-2,950	-4,410
Service Producing Jobs	13,750	-80	210	0	30	-320	-290
Construction & Mining	-3,350	-840	-350	-70	-40	-390	-500
All Manufacturing	-29,650	-8,250	-4,330	-760	-600	-2,560	-3,920
Transportation, Communications & Public Utilities	-2,660	-810	-590	-40	-20	-160	-220
Wholesale Trade	-370	-1,660	-860	-80	-50	-670	-810
Retail Trade	1,890	490	300	30	30	130	190
Finance, Insurance, and Real Estate	2,840	280	200	10	10	60	80
Services	8,210	720	520	20	30	150	200
All Government	3,840	910	640	50	40	180	270

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